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8-17-61

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Action

FE

Control: 4007

Rec'd: August 5, 1961

1:20 a.m.

Info

FROM: Djakarta

SS

TO: Secretary of State

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NO: 213, August 4, 6 p.m.

BFAC

ICA

P

Reference: DEPTTEL 104, EMBTEL 147

USIA

INR

August 3 presented Directorate International Economic Affairs, Minister Foreign Affairs, draft three-year PL480 agreement and notes as contained in instruction W-3.

CIA

NSA

AGR

BOB

Urgently request clearances re discussions rice and grants.

COM

XMB

JONES

FRB

TRSY

SGC

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RMR

Djakarta 213

611.9841/8-461

FILED
JAN 15 1962

CLASSIFIED FILE

2

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ACTION	ASSIGNED TO.	ACTION	TAKEN	DATE OF	DIRECTIONS
	SPAKE		noted	8/7/61	file
NAME OF OFFICER	EJ Washburn		controlled by RMR		
OFFICE SYMBOL	TO RM/R				

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DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

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INCOMING TELEGRAM

Department of State

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38 W

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Action

Control: 4443

Rec'd: AUGUST 6, 1961

1:32 AM

AGR

FROM: DJAKARTA

Info

SS

TO: Secretary of State

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NO: 216, AUGUST 4, 5 PPM

FE

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DEPTEL 1976. 611.9841

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RMR

IN MEETING WITH ECON COUNSELOR, ACTING ECON CHIEF FOREIGN DEPT URGENTLY REQUESTED SYMPATHETIC US CONSIDERATION WAIVE OR POSTPONE NORMAL MARKETING REQUIREMENTS TO FACILITATE IMPORT 30,000 TONS PL-280 WHEAT FLOUR PRIOR CHRISTMAS. PONSEN CLAIMED EXISTING SUPPLIES WHEAT FLOUR ABOUT EXHAUSTED AND GOVT SINCERELY CONVINCED THERE COULD BE POLITICAL CONSEQUENCES IF FLOUR UNAVAILABLE HOLIDAY SEASON. IN LETTER TO EMBASSY DATED JULY 21, PONSEN STATES IN PART: "INDONESIA IS IN URGENT NEED OF ADDITIONAL IMPORT WHEAT FLOUR, BUT IS NOT IN POSITION MAKE ADDITIONAL AMOUNT FOREIGN EXCHANGE AVAILABLE FOR IMPORT OF 30,000 TONS WHEAT FLOUR AMOUNT TO APPROXIMATELY RUPIAH 120 MILLION, THE QUANTITY NEEDED TO MAKE UP 105,000 MT NORMAL MARKETINGS AS DETERMINED BY US GOVT FOR CALENDAR YEAR 1961.

WITH REGARD TO MARKETS FOR INDONESIA'S MAIN SUPPLIER NAMELY AUSTRALIA IT CAN BE STATED THAT FOR THIS CALENDAR YEAR AUSTRALIA'S NORMAL MARKETS FOR WHEAT FLOUR HAVE BEEN ASSURED BY INDONESIA'S PURCHASE OF 50,000 SHORT TONS WHEAT FLOUR FROM AUSTRALIA OR 60 PERCENT OF ITS TOTAL PURCHASE WITH FOREIGN EXCHANGE THIS YEAR."

INDONESIA HAS MADE DOLLAR PURCHASE OF 12,000 TONS OF WHEAT FLOUR FROM US IN CALENDAR 1961.

③ PONSEN SAID GOI RESERVES FOREIGN CURRENCY SO BADLY DEPLETED SUMA OF BANK INDONESIA MAKING EMERGENCY TRIP WASHINGTON NEXT WEEK SEE IMMEDIATE IMF ASSISTANCE. PONSEN CLAIMED GOI CANNOT NOW ALLOCATE \$2.5 MILLION REQUIRED FOR PURCHASE FLOUR TO MEET NORMAL MARKET CRITERION HE NEVERTHELESS IS ATTEMPTING GET GOI ALLOCATE UP TO

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By GPO NARA Date 8/4/00

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-2- 216, AUGUST 4, 5 PM FROM DJAKARTA

\$500,000 FOR THIS PURPOSE IN ORDER TO PROVIDE TOKEN OF GOI WILLINGNESS MEET NORMAL MARKET REQUIREMENTS. PONSEN REQUESTS WE WAIVE REQUIREMENT OF BALANCE OF APPROXIMATELY \$2 MILLION OR POSTPONE UNTIL NEXT YEAR. HE CLAIMS GOI PREPARE ASSUME THIS YEAR'S UNFULFILLED NORMAL MARKETING REQUIREMENTS COMMITMENT AS ADDITION TO THE CALENDAR 1962 REQUIREMENT. PONSEN NOT CERTAIN OF SUCCESS HIS REQUEST FOR ALLOCATION OF EVEN \$500,000 FOR PURPOSE NOTED BUT REQUESTED EMBASSY, MEANWHILE, EXPLORE REACTION HIS SCHEME IN WASHINGTON.

EMBASSY CONCURS IN PONSEN'S ANALYSIS GOI WHEAT FLOUR POSITION AND POSSIBLY REPERCUSSIONS IF FLOUR LACKING, PARTICULARLY AT HOLIDAY SEASON. IMPORTANCE FLOUR AT THIS TIME FOR POPULAR MORALE CAN BE VIEWED IN SAME LIGHT AS IMPORTANCE CHEAP TEXTILES AT LEBARAN TIME. WHILE INDOS BASICALLY MUSLIM, CHRISTMAS SEASON NATIONAL HOLIDAY IN WHICH WHOLE POPULATION MUSLIM AND CHRISTIAN PARTICIPATES ENERGETICALLY.

EMBASSY REQUESTS CAREFUL CONSIDERATION FORMULA OUTLINED BY PONSEN. THIS IS NOT CASE OF GOI TRYING CONTRAVENE NORMAL MARKETING REQUIREMENTS EVEN THOUGH THEY CONSIDER UNREALISTIC (IN PAST YEARS ANNUAL WHEAT FLOUR IMPORTS HAVE DROPPED BELOW 70,000 TONS DUE MAINLY SHORTAGE FOREIGN EXCHANGE) OR REFUSAL TO PAY BUT HONEST ATTEMPT MEET OUR REQUIREMENTS WHEN FISCAL POSITION ALLOWS.

ADVISE SOONEST.

JONES

SGC

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Authority NND 949570
By GP NARA Date 8/4/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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Classification

ACTION: Amembassy
SENIOR / DJAKARTA 172

Origin

Info

YOUR 216

DCI

1961 AUG 15 PM 12 52

08010

Djakarta 172

6/11.9841

In view Washington policy hold line on maintenance usual marketings all Title I agreements as explained Deptel 1976 cannot agree reduction 105,000 Mt usuals for wheat flour Indonesia. Similar requests other countries have been denied. Therefore reduction Indo figure would have adverse effect world-wide. However in view political consideration stated reftel and as special concession Washington prepared sell 62,000 Mt wheat flour under Title I provided GOI agrees purchase \$500,000 worth flour against usuals by end cy 61 and balance approximately \$2 million worth by March 31, 1962.

Rusk

RUSK

6/11.9841 / 8-1571

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③

Drafted by:

OR:GSD:GHazard:8/14/61:bad

Telegraphic transmission and
classification approved by:

OR:GSD:Howard M. Gabbert

Clearances:

SPA:EThrasher

SPA:RLindquist

FAS:PMO:Leary

S/S CR

AUG 15 1961

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Authority NND 949570
By GPO NARA Date 8/4/00

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Department of State

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Control: 14743
Rec'd: AUGUST 21, 1961
3:57 AM

FROM: DJAKARTA

TO: Secretary of State

NO: 300, AUGUST 21, 2 PM

DEPTEL 172

AFTER BEING INFORMED SUBSTANCE REFTEL PONSEN
FONDEP EXPRESSED GRATITUDE PROPOSED TERMS, DIRECTED
SUBORDINATE GET GOI APPROVAL WITHIN FEW DAYS.

JONES

RJT

AUG 21 1961
MESSAGE CENTER
CONTROL
IN..... OUT SEP 20 1961

1961
AUG 25

DEPARTMENT OF
STATE

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X2 898.2311

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ACTION	ASSIGNED TO: F. OR. CSD	ACTION TAKEN	May to Discontinue
NAME OF OFFICER	G. J. Hazard	DATE OF ACTION	9/16/61
& OFFICE SYMBOL		DIRECTIONS TO RM/R	File

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Authority NND 949570
By CD NARA Date 8/4/00

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Department of State

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Action
FE

Control: 15650
Rec'd: AUGUST 22, 1961
12:13 AM

Info FROM: DJAKARTA

TO: Secretary of State
NO: 303, AUGUST 21, 4 PM

REAC
ICA EMBTEL 213.

PC
P FONDEPT ECON CHIEF INFORMED ECON COUNSELOR TODAY HE HAS
USIA TRANSMITTED EMBASSY NOTES INSTRUCTION W-3 TO SUPERIORS.
INR INDO EMBASSY WASHINGTON HAS BEEN INSTRUCTED PROTEST SMALL
CIA SIZE PROGRAM. PONSEN GAVE IMPRESSION, HOWEVER, GOI WOULD BE
NSA FORCED GO ALONG WITH PROGRAM; IN FACT, INDICATED GOI
AGR AGREEMENT POSSIBLE TWO TO THREE WEEKS. NEVERTHELESS EXPRESSED
BOB CONTINUED CONCERN PUBLIC AS WELL AS OFFICIAL REACTION
COM SMALL SIZE THREE YEAR PROGRAM RELATIVE EXPECTATIONS. IN
XMB EFFORT MEET THIS "PSYCHOLOGICAL" PROBLEM AND TO FIRM UP
FRB US RPT US MORAL COMMITMENT MEET GOI REQUIREMENTS TO EXTENT
TRSY POSSIBLE, PONSEN PROPOSED THREE YEAR AGREEMENT BE OPEN-
WHM ENDED ON VOLUME AND VALUES OF COMMODITIES EMPHASIZING INSTEAD
RMR US INTEREST MAXIMIZE SAC AID TO DEGREE GOI CAN ABSORB DEPENDING
ON US AVAILABILITIES. AGREEMENT ON ACTUAL VOLUME AND VALUES
COMMODITIES WOULD BE SUBJECT SEPARATE CONFIDENTIAL EXCHANGE
NOTES.

IF FORMULA PROPOSED BY PONSEN FEASIBLE EMBASSY URGES SYM-
PATHETIC CONSIDERATION. STRONG NEGATIVE REACTION GOI TO
PROPOSED THREE YEAR PROGRAM HAS EVIDENTLY BEEN MODERATED BY
PRESENCE ECONOMIC TEAM, HIGH EXPECTATIONS TEAM WILL RESULT
INCREASED US AID GOI, ALSO BY IMPENDING VISIT EXIMBANK
MISSION AND OTHER INDICATIONS IMPROVED US-GOI RELATIONS.

REQUEST FORWARD CLEARANCES RE DISCUSSIONS RICE AND GRANTS
SOONEST (REFTEL).

BP

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OFFICE SYMBOL			

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Xc 611.98

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Authority NND 949570
By GPO NARA Date 8/4/00

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Action

Control: 15731

FE

Rec'd: AUGUST 22, 1961

5:07 AM

Info

FROM: DJAKARTA

E

TO: Secretary of State

BFAC

ICA

NO: 318, AUGUST 22, 3 AM

PC

P

USIA

EMBTEL 303

NSC

INR

CIA

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TRSY

FONDEF ECON CHIEF HAS REQUESTED MINOR MODIFICATION COMMERCIAL PURCHASE REQUIREMENTS, PARA 6 INSTRUCTION W-3. PREFERS OMITTING EXPLICIT REQUIREMENTS FOR CALENDARS 62 AND 63. POINTED OUT INCONSISTENCY WITH PARA 4 WHICH PROVIDES BI-LATERAL REVIEW REQUIREMENTS FOR EACH CALENDAR YEAR PROGRAM. EMBASSY RECOGNIZES INCONSISTENCY AND REQUESTS APPROVAL PROPOSED MODIFICATION.

RMR

JONES

BP

DEPARTMENT OF STATE
BUREAU OF
FAR EASTERN AFFAIRS
AUG 22 1961
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(2)

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Authority NND 949570
By GPO NARA Date 8/4/00

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Department of State

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Action

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RMR

FROM: DJAKARTA

TO: Secretary of State

NO: 328, AUGUST 23, 3 PM

EMBTEL 300, DEPTTEL 172

611-9841
X R
898.2311
FONDEP INFORMED TODAY GOI HAS ACCEPTED TERMS FOR
PURCHASE 62,000 MT WHEAT FLOUR AS IN REF DEPTTEL.
FORMAL NOTIFICATION OF APPROVAL EXPECTED SOONEST.

JONES

CJ

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Control: 16814

Rec'd: AUGUST 23, 1961

5:09 AM

Djakarta 328

611-9841/8-2361

AUG 23 1961
E MESSAGE CENTER
CONTROL

IN..... OUT

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ACTION	ASSIGNED TO: CSD	ACTION TAKEN	DATE OF ACTION	DIRECTIONS TO RM/R
NAME OF OFFICER	G. F. Hood		8/29/61	File

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1008983311

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Authority NND 949570
By GPO NARA Date 8/4/00

INCOMING TELEGRAM

Department of State

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FROM: Djakarta
TO: Secretary of State
NO: 349, August 25, 6 p.m.
EMBTel 300

Control: 19534
Rec'd: August 25, 1961
11:21 p.m.

Request text agreement soonest. Ponsen urges every effort be made clear PAS to assure delivery wheat flour before Christmas.

JONES

MEM

E MESSAGE CENTER
CONTROL
IN..... CUT SEP 20 1961

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ACTION	ASSIGNED TO	ACTION TAKEN	DATE OF ACTION	DIRECTIONS TO RM/R	
	EAR: CSD	Msg # 237 to Djakarta	8/30/61		
NAME OF OFFICER	J. J. Hagan				
OFFICE SYMBOL					

DECLASSIFIED

Authority NND 949570
By GPO NARA Date 8/4/00

50
OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
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VERBATIM TEXT

Origin

ACTION: ~~SECRET~~ Amembassy DJAKARTA 237

Info:

Emtel 349, Instruction A-131

You authorized revise enclosure 1 of A-131 as follows: In numbered paragraph 1 change \$3,500,000 to \$4,600,000; \$700,000 to \$800,000 and \$4,200,000 to \$5,400,000. In the subparagraphs of numbered paragraph 2 make following changes: In (a) change \$210,000 to \$270,000 and \$1,195,000 to \$1,255,000; In (b) and (c) change \$1,575,000 to \$2,025,000 and \$8,962,500 to \$9,412,500; In (d) change \$849,000 to \$1,080,000 and \$4,780,000 to \$5,020,000. In unnumbered paragraph following (2) (d) change \$23,900,000 to \$25,100,000.

In numbered paragraph 3 delete quote during United States calendar year 1961 end quote and insert quote between January 1, 1961 and March 31, 1962 end quote. In numbered paragraph 4 change \$478,000 to \$502,000.

Reiterate need 48 hours notice prior proposed date signing.

RUSK

RUSK

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Drafted by: FAS:Phillips
OR:CSD:GFHasey 8/29/61

Telegraphic transmission and
classification approved by: E. Edgar M. Martin

Clearances: SPA:EThrasher
L/E:ATendler
L/T:JBradford

Interagency Staff Committee
FAS: PO: Lear
CSD: H: Gabber
OR: S: Shellen

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Department of State

CSD/MELLEN

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Action
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Control:
Rec'd:

23899
September 1, 1961
6:19 a.m.

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RMR

FROM: DJAKARTA

TO: Secretary of State

NO: 401, AUGUST 31, 6 PM

REFERENCE: EMBTEL 349, AUGUST 25

FONDEPT REQUESTS EARLIEST EXCHANGE NOTES IMPLEMENT AGREEMENT WHEAT FLOUR. FOLLOWING MODEL EMBASSY NOTED: 628, DATED MARCH 2, 1961, COVERING IMPORT OF RICE, FONDEPT ACCEPTS ALL STANDARD CLAUSES. REQUESTS, HOWEVER, THAT CLAUSE ON COMMITMENT MEET NORMAL MARKETING CONDITIONS ADHERE TO TERMS PROPOSED DEPTTEL 172, NAMELY TO EFFECT GOI WILL IMPORT \$500,000 BY END CALENDAR 1961, \$2 MILLION ADDITIONAL BY MARCH 31, 1962. FYI, FONDEPT PREFERENCE FOR VALUES RATHER THAN VOLUMES BASED ON GOI BELIEF VALUE OF ADDITIONAL IMPORTS WHEAT FLOUR TO MEET 105,000 MT NMR MAY EXCEED 2.5 MILLION. IN EMBASSY OPINION AGREEMENT SHOULD ADHERE TO TERMS OFFERED.

FONDEPT REQUESTS ALSO DEPT CONSIDER ISSUANCE PA'S IN ADVANCE FORMAL EXCHANGE. PLEASE ADVISE.

MEANWHILE EMBASSY WOULD APPRECIATE TEXT EXCHANGE NOTES EARLIEST.

JONES

MM

E MESSAGE CENTER
CONTROL
SEP 1 1961

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